



[6450-01-P]

DEPARTMENT OF ENERGY

[FE Docket No. 11-141-LNG]

Carib Energy (USA) LLC; Application for Long-Term Authorization to Export Domestically Produced Liquefied Natural Gas for a 25-year Period

AGENCY: Office of Fossil Energy, DOE.

ACTION: Notice of application.

SUMMARY: The Office of Fossil Energy (FE) of the Department of Energy (DOE) gives notice of receipt of an application (Application), filed on October 20, 2011 by Carib Energy (USA) LLC (Carib), requesting long-term, multi-contract authorization to export up to a total of 120,000 gallons per day of domestically produced liquefied natural gas (LNG) (equivalent to approximately 3.44 Billion cubic feet (Bcf) of natural gas per year) over a twenty-five year period, commencing on the earlier of the date of first export or five years from the date the requested authorization is granted. The Application states that the LNG would be exported from ports of export in the southeastern United States, which may include Jacksonville, FL, West Palm Beach, FL, Miami, FL, Tampa, FL, Mobile, AL, Gulfport, MS, Savannah, GA, New Orleans, LA, Houston, TX, Galveston, TX, and Pensacola, FL, to any country with which the United States has not entered into a free trade agreement (FTA) providing for national treatment for trade in natural gas located within South America, Central America or the Caribbean that has, or in the future will have, the capacity to import LNG via use of approved ISO IMO7/TVAC-ASME LNG containers (ISO containers) transported on ocean-going carriers, and with which trade is not prohibited by United States law or

policy. The Application was filed under section 3 of the Natural Gas Act (NGA), as amended by section 201 of the Energy Policy Act of 1992. Protests, motions to intervene, notices of intervention, and written comments are invited.

DATES: Protests, motions to intervene or notices of intervention, as applicable, requests for additional procedures, and written comments are to be filed using procedures detailed in **Public Comment Procedures** below no later than 4:30 p.m., eastern time, [INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].

ADDRESSES:

Electronic Filing on the Federal eRulemaking Portal under FE Docket No. 11-141-LNG:
<http://www.regulations.gov>

Electronic Filing by email:
fergas@hq.doe.gov

Regular Mail

U.S. Department of Energy (FE-34)
Office of Natural Gas Regulatory Activities
Office of Fossil Energy
P.O. Box 44375
Washington, DC 20026-4375

Hand Delivery or Private Delivery Services (e.g., FedEx, UPS, etc.)

U.S. Department of Energy (FE-34)
Office of Natural Gas Regulatory Activities
Office of Fossil Energy
Forrestal Building, Room 3E-042
1000 Independence Avenue, SW
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FOR FURTHER INFORMATION CONTACT:

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SUPPLEMENTARY INFORMATION:

Background

Carib is a Delaware limited liability company with its principal place of business in Coral Springs, Florida. Stock in Carib is held equally by Everything for Gas International LLC d/b/a EFG Industries, a Florida limited liability company based in Coral Springs, Florida (EFG) and Argosy Transportation Group Inc., a Texas limited liability company based in Bellaire, Texas (Argosy). The Application states that EFG has more than 31 years experience in the liquefied petroleum gas (LPG) industry on an international level, engineering, designing, and installing LPG plant, terminals, and transporters, and supplying LPG equipment, including storage and transportation tanks. The Application further states that Argosy is an asset-based marine transport company specializing in solutions for shippers of break-bulk, heavy-lift and project cargo and that its management has more than 30 combined years experience in the marine transportation industry. On July 27, 2011, DOE/FE issued Order No. 2993, which granted Carib long-term, multi-contract authorization to export domestically produced LNG in an amount up to the equivalent of 11.53 Bcf of natural gas per year over a twenty-five year period to nations in Central America, South America, or the Caribbean with which the United States has entered into FTAs providing for the

national treatment for trade in natural gas. The authorization issued in Order No. 2993 is to commence on the earlier of the date of first export or July 27, 2016.

Current Application

In the instant Application, Carib seeks long-term, multi-contract authorization to export domestically produced LNG up to the equivalent of 3.44 Bcf of natural gas per year for a period of twenty-five years beginning on the earlier of the date of first export or five years from the date the authorization is granted by DOE/FE. Carib requests that such long-term authorization provide for export from ports of export in the southeastern United States, which may include Jacksonville, FL, West Palm Beach, FL, Miami, FL, Tampa, FL, Mobile, AL, Gulfport, MS, Savannah, GA, New Orleans, LA, Houston, TX, Galveston, TX, and Pensacola, FL, to any country located within South America, Central America, or the Caribbean with which the United States has not entered into an FTA providing for the national treatment for trade in natural gas that has, or in the future will have, the capacity to import LNG via use of approved ISO LNG containers transported on ocean-going carriers, and with which trade is not prohibited by United States law or policy. Carib states that the source of natural gas supply to be exported will be the robust and liquid United States natural gas market.

In its Application, Carib requests approval of exports to non-FTA countries of LNG purchased under the purchase and sale arrangement described in the Letter of Intent (LOI) included as Appendix C to this Application. The LOI describes the term of the proposed arrangement, the counter-party, the maximum yearly gas volumes to be purchased, and the facility from which the LNG will be delivered (Facility), as well as a commitment from the counter-party that no Facility modifications or additions to the Facility will be required in order for the Facility to deliver LNG to Carib and for Carib to export LNG from the United States under the arrangement described in the

LOI. Carib states that it will file the Master Agreement and any Transaction Confirmations, as defined in the LOI, with the DOE/FE under seal following their execution. Carib expects to begin exporting LNG under the Master Agreement and Transaction Confirmations by the first quarter of 2012.

The Application states that Carib plans to transport the LNG proposed for export from the Facility to the destination port over highways in 40-foot ISO containers that comply with all United States Department of Transportation regulations. Carib affirms that the third parties with which it will contract to handle transportation will comply with all Required Permits, including but not limited to any federal, state, and local permits relating to hazardous material and cryogenic handling regulations and requirements. Additionally, the Application states that all ISO containers will be tracked from the time of loading until delivery by a proprietary GPS tracking system.

According to the Application, deliveries from the Facility will take place throughout the year on a daily basis, spaced roughly equally, such that deliveries in any one day would not vary extremely from others. The Application states that physical limitations at the Facility ensure that will be the case and that, currently, no more than 120,000 gallons of LNG can be loaded from the Facility per day. Carib states that each container that it plans to use for LNG transport has a capacity of 10,200 gallons. Carib further states that truck traffic from the Facility under this arrangement, therefore, will be limited to no more than eleven trucks per day, or less than one truck per hour over a twelve-hour period.

Public Interest Considerations

In support of its Application, Carib states that pursuant to section 3 of the NGA, FE must authorize exports to a foreign country unless there is a finding that such exports “will not be

consistent with the public interest.”¹ Carib states further, in evaluating an export application, FE applies the principles described in DOE Delegation Order No. 0204-111 which states that domestic need for natural gas shall be the primary focus of DOE when evaluating an export application.²

Carib states that United States consumers currently have access to substantial quantities of natural gas, as a result of, among other things, technological advances that have allowed for development of previously undeveloped reserves of domestic shale gas.³ The Annual Energy Outlook 2010, prepared by the U.S. Energy Information Administration (EIA), forecasted shale gas production to increase to 2.85 Tcf by 2015 and 6.0 Tcf by 2035, representing 5.3% annual growth from 2008-2035.⁴ EIA’s Annual Energy Outlook 2011 more than doubled its estimate of technically recoverable shale gas reserves, and doubled its projected shale gas production to 12.0 Tcf by 2035.⁵ Carib further states that large volumes of domestic shale gas reserves and its development and extraction, as well as continued low productions costs, will enable the United States to develop significant quantities of natural gas and LNG, which will be able to meet domestic demand for decades to come, and, as a result, also will provide an over-capacity of natural gas and LNG that would be available for export.

Carib states that it expects that its export of domestic LNG will encourage the development of jobs in the United States. Qualified domestic transportation companies will be used to transport the LNG from each Facility to port, thereby supporting those businesses. Carib also states that as a growing company, it will also be creating jobs as its marketing and sale of LNG to new markets increases its need for additional sales and administrative staff.

¹/ 15 U.S.C. 717b (a).

²/ *Sabine Pass Liquefaction, LLC*, DOE/FE Order 2961 (May 20, 2011) at 29.

³/ U.S. EIA, Annual Energy Outlook 2011, Executive Summary (2011), available at [http://www.eia.gov/forecasts/aeo/pdf/0383\(2011\).pdf](http://www.eia.gov/forecasts/aeo/pdf/0383(2011).pdf). (“2011 EIA Energy Outlook”).

⁴/ U.S. EIA, Annual Energy Outlook 2010 135, Table A-14 (2010), available at [http://www.eia.doe.gov/oiaf/aeo/pdf/0383\(2010\).pdf](http://www.eia.doe.gov/oiaf/aeo/pdf/0383(2010).pdf).

⁵/ 2011 EIA Energy Outlook at Table 8.

Carib states that because the requested exports will have minimal effect on domestic natural gas supply based on current projections, and the DOE/FE has retained the ability to address changes in the domestic gas supply, if, in the future, there are unexpected changed circumstances, granting this Application for the requested term is consistent with the public interest.

Environmental Impact

Carib states that no modifications to the Facility would be required in order for it to export LNG, and accordingly, under Categorical Exclusion B5.7 of the National Environmental Policy Act (NEPA), approval of this Application would not constitute a federal action significantly affecting the human environment within the meaning of NEPA.

DOE/FE Evaluation

This export Application will be reviewed pursuant to section 3(a) of the NGA, as amended, and the authority contained in DOE Delegation Order No. 00-002.00L (April 29, 2011) and DOE Redelelegation Order No. 00-002.04E (April 29, 2011). In reviewing this LNG export Application, DOE will consider domestic need for the natural gas, as well as any other issues determined to be appropriate, including whether the arrangement is consistent with DOE's policy of promoting competition in the marketplace by allowing commercial parties to freely negotiate their own trade arrangements. Parties that may oppose this Application should comment in their responses on these issues.

NEPA requires DOE to give appropriate consideration to the environmental effects of its proposed decisions. No final decision will be issued in this proceeding until DOE has met its NEPA responsibilities.

Public Comment Procedures

In response to this notice, any person may file a protest, comments, or a motion to intervene or notice of intervention, as applicable. Any person wishing to become a party to the proceeding must file a motion to intervene or notice of intervention, as applicable. The filing of comments or a protest with respect to the Application will not serve to make the commenter or protestant a party to the proceeding, although protests and comments received from persons who are not parties will be considered in determining the appropriate action to be taken on the Application. All protests, comments, motions to intervene or notices of intervention must meet the requirements specified by the regulations in 10 CFR part 590.

Filings may be submitted using one of the following methods: (1) submitting comments in electronic form on the Federal eRulemaking Portal at <http://www.regulations.gov>, by following the on-line instructions and submitting such comments under FE Docket No. 11-141-LNG. DOE/FE suggests that electronic filers carefully review information provided in their submissions and include only information that is intended to be publicly disclosed; (2) e-mailing the filing to fergas@hq.doe.gov with FE Docket No. 11-141-LNG in the title line; (3) mailing an original and three paper copies of the filing to the Office Natural Gas Regulatory Activities at the address listed in ADDRESSES; or (4) hand delivering an original and three paper copies of the filing to the Office of Natural Gas Regulatory Activities at the address listed in ADDRESSES.

A decisional record on the Application will be developed through responses to this notice by parties, including the parties' written comments and replies thereto. Additional procedures will be used as necessary to achieve a complete understanding of the facts and issues. A party seeking intervention may request that additional procedures be provided, such as additional written comments, an oral presentation, a conference, or trial-type hearing. Any request to file additional written comments should explain why they are necessary. Any request for an oral presentation

should identify the substantial question of fact, law, or policy at issue, show that it is material and relevant to a decision in the proceeding, and demonstrate why an oral presentation is needed. Any request for a conference should demonstrate why the conference would materially advance the proceeding. Any request for a trial-type hearing must show that there are factual issues genuinely in dispute that are relevant and material to a decision and that a trial-type hearing is necessary for a full and true disclosure of the facts.

If an additional procedure is scheduled, notice will be provided to all parties. If no party requests additional procedures, a final Opinion and Order may be issued based on the official record, including the Application and responses filed by parties pursuant to this notice, in accordance with 10 CFR 590.316.

The Application filed by Carib is available for inspection and copying in the Office of Natural Gas Regulatory Activities docket room, Room 3E-042, 1000 Independence Avenue, S.W., Washington, DC 20585. To the extent that FE determines that certain material included with the Application is confidential information not appropriate for release to the general public, procedures will be established on request from intervenors to make that information available for their inspection. The docket room is open between the hours of 8:00 a.m. and 4:30 p.m., Monday through Friday, except Federal holidays. The Application and any filed protests, motions to intervene or notice of interventions, and comments will also be available electronically by going to

the following DOE/FE Web address: <http://www.fe.doe.gov/programs/gasregulation/index.html>. In addition, any electronic comments filed will also be available at: <http://www.regulations.gov>.

Issued in Washington, D.C., on December 19, 2011.

John A. Anderson,
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Office of Oil and Gas Global Security and Supply
Office of Fossil Energy

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